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STATE FOR WHA/CEN - TELLO
STATE ALSO FOR OES/IHA - SINGER AND DALEY
HHS FOR OGHA - STEIGER, ABDOO, AND CORREA

E.O. 12958: N/A
TAGS: TBIO PGOV KSCA CDC PM
SUBJECT: HEALTH MINISTER UNDER FIRE, BUT NOT (YET) OUT

REF: PANAMA 2015 AND PREVIOUS

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¶11. (SBU) Summary. The deaths of some 44 Panamanians from poisoned medications produced and distributed by the GOP's Social Security Fund (CSS) have prompted growing calls for the ouster of Minister of Health Camilo Alleyne and CSS Director Rene Luciani. Although several CSS employees and executives of the tainted substance's local supplier have been arrested on criminal charges, Alleyne and Luciani steadfastly deny any culpability in this tragedy that has thus far affected at least 89 victims. The GOP's announced health reforms, including closure of the CSS laboratory, have done little to restore public confidence or to stem the pressure on President Torrijos to fire Alleyne and Luciani. This, together with the lack of GOP heads rolling over a tragic October 23 bus fire that killed 18 people, has prompted some to suggest that the Torrijos Administration suffers its own type of "renal deficiency." End summary.

Tainted CSS Medicines Kill 44, Another 45 Remain Ill

¶12. (U) As of Nov. 24, some 44 Panamanians have died from "Acute Renal Deficiency Syndrome" ("SIRA"), i.e., kidney failure, caused by the ingestion of CSS-produced medicines contaminated by diethylene glycol (reftel). Another 20 victims remain hospitalized and 25 more are recovering at home. Thanks to strong support from experts with the U.S. Centers from Disease Control (CDC) and the U.S. Food and Drug Administration (FDA), health authorities identified diethylene glycol as the source of SIRA within about eleven days after being alerted to a pattern of mysterious deaths at several public hospitals in Panama City. The Ministry of Health (MINSA) and CSS immediately pulled suspect medicines from government clinics and pharmacies and mounted a broad PR campaign to recover potentially contaminated medicines. As a result, no new cases have been reported since late October. (The additional cases identified since that time actually developed earlier, but were determined as SIRA cases retroactively.)

¶13. (SBU) Visiting CDC experts and senior Gorgas Memorial Institute (GMI) officials have told Econ Chief that, from a technical standpoint, Alleyne has handled this episode in textbook fashion. They credit him with mobilizing MINSA, GMI, and CSS immediately after hearing on October 1 about several deaths from a "mystery illness." He secured outside help from the CDC within 24 hours and alerted the public to the problem at a time when the temptation to suppress the matter would have been great (i.e., about three weeks

prior to a critical national referendum on the proposed \$5.25 billion expansion of the Panama Canal). Throughout much of October, Alleyne and Luciani held frequent press conferences to report on the progress of joint GOP-CDC-Panamerican Health Organization (PAHO) efforts to investigate and control the situation.

Local Supplier and CSS Workers Arrested

¶4. (U) By mid-October, health authorities determined that the CSS lab had produced the tainted medicines using diethylene glycol purchased in 2003 from "Grupo Comercial Medicom S.A.," a hitherto obscure Panamanian firm created in 2000 that reportedly did business only with MINSA and CSS. Panama's Attorney General has opened a criminal investigation and police initially arrested three of Medicom's corporate officers for questioning. Medicom's President (at least on paper), Angel De la Cruz, eluded capture until November **¶117**. Many Panamanians believe that the four were simply listed as officers in Medicom's corporate papers and that they are simply "fall guys" for more powerful players.

¶5. (U) Medicom has blamed its Spanish supplier, Rasfer International, from which the firm claims to have ordered pure glycerine in late 2003. Medicom's lawyers plan to sue Rasfer for fraud, alleging that the Spanish firm shipped diethylene glycol mislabeled as 99.5% pure glycerine (propylene glycol, commonly used in the mixing of medicines). Rasfer executives, in turn, deny any wrongdoing, claiming that they obtained the product from a Chinese firm (CNSC) that had certified the contents as pure glycerine.

¶6. (U) On November 14, law enforcement officials arrested four CSS employees on criminal negligence charges, including the CSS laboratory's chief. Each of them has denied culpability, pointing fingers at each other or at higher-ups. Other ex-CSS employees claim to have alerted current and former CSS directors to problems with the laboratory's physical condition and management deficiencies, to no avail.

Public Jeers GOP's Health Reforms, Want Heads to Roll

¶7. (U) With Panamanians' confidence in the public healthcare system shattered by this episode, President Torrijos announced several reforms on November 13 aimed at recovering public confidence. These steps include permanent closure of the CSS laboratory, establishing a fund to compensate SIRA victims, and various measures to cut bureaucratic red tape to help make CSS facilities more accessible and responsive to patients. Panamanians roundly criticized the announced measures as cosmetic changes that are "too little, too late" and continued to call for the ousters of Alleyne and Luciani.

¶8. (SBU) We have heard from a reliable source that President Torrijos adamantly refuses to fire Alleyne. He said that Torrijos told the source that it would be "unfair" to fire Alleyne, who Torrijos maintained was "not part of the problem, but will be part of the solution." This, despite polls suggesting that some 70% of Panamanians believe that Alleyne and Luciani should step down or be removed. Alleyne has consistently denied any blame, although on November 21 he left open the possibility of departing on his own terms and "with dignity" once investigators completed their inquiry into the episode and the GOP's health reforms were on track.

Comment: GOP's Own "Renal Deficiency?"

¶9. (SBU) Combined with a tragic October 23 bus fire that killed 18 Panamanians, the deaths of 62 people due to alleged GOP negligence has sparked outrage among average Panamanians. (Proportionately, this would be equal to 6,200 deaths in the U.S.) These cases have crystallized the public's sense that the government consistently protects well-connected elites, even if it costs lives. It has also ripped open the reality that Panama has two healthcare systems: a decent one for the relatively few well-off elites and a fatal one for the most low and middle-income Panamanians.

¶10. (SBU) Despite handling the episode professionally and, by most accounts, responsibly, Alleyne has become the lightning rod for the public's ire. Torrijos has also been heavily criticized for his

"stubborn" refusal to boot Alleyne and Luciani, as well as his re-assignment (rather than firing) of the GOP's transportation chief who was widely blamed for weak oversight of oft-reviled bus operators. As one foreign observer told Econ Chief on November 16, "The Torrijos Administration has lost the ability to eliminate its own waste." Although Alleyne may well be unable to ultimately withstand the steady barrage of criticism and editorial lampoons, it is unclear who his successor would be. One prominent public health official (and possible successor) told Econ Chief that, in light of Alleyne's experience, anyone who wants the MINSA job "ought to have his head examined."

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